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# STRATEGY RESEARCH PROJECT

## IS THE END NEAR FOR THE ARMY'S "PAYMASTER CORPS?

BY

COLONEL M. C. MATTINGLY United States Army

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# IS THE END NEAR FOR THE ARMY'S "PAYMASTER" CORPS?

bу

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The views expressed in this academic research paper are those of the author and do not necessarily reflect the official policy or position of the U.S. Government, the Department Of Defense, or any of its agencies.

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#### ABSTRACT

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The purpose of this research paper is to examine the Finance Corps' changing environment and the relevance of its capabilities for the Army in the 21st Century. Today, the Corps faces a "crossroad" as Department of Defense initiatives and technology continue to diminish Finance soldier military pay functions and, when fully implemented over the next few years, will transfer the functions to the Personnel community. This looming reduction in the "Paymaster" Corps' most visible mission fuels speculation about the need for a separate Finance Corps. This paper will also examine two future force structure alternatives for the Corps and provide recommendations to ensure a necessary "transformation" of the current Finance force structure so it will best meet Force XXI and Army After Next (AAN) financial support requirements during peacetime, wartime or operations other than war (OOTW).

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#### INTRODUCTION

Nearly eight years ago Defense Management Resource Decision No. 910 gave birth to the Defense Finance and Accounting Service (DFAS), the organization responsible for all Department of Defense (DoD) finance and accounting functions. At that time, many in the Army Finance Corps felt that consolidation and centralization of these functions would quickly lead to the end of the Corps. While DFAS consolidation actions have not yet significantly affected Finance Corps force structure and downsizing decisions, technology and new DFAS initiatives continue to diminish the peacetime functions and responsibilities of finance soldiers and have begun to play a larger role in those decisions.

Now, two Army initiatives are again fueling speculation about the future of the Finance Corps. They are testing of multi-functional personnel and finance units and the personnel and pay systems interface (PerPay) initiative which, when fully implemented, will transfer the military pay input function to the Personnel community. These initiatives provide potential for savings in force structure and are causing considerable anxiety among the ranks of the "Paymaster" Corps. The perception is that the loss of the military pay function would mean the end of the Corps. While military pay support is an extremely important and visible mission, it is only part of a wide range of financial services and capabilities the Finance Corps provides commanders. And, the opportunity now exists to expand and exploit these critical capabilities for the future.

The challenge for the Army and the Finance Corps is to ensure the right decisions are made now regarding doctrine and finance force structure to meet 21<sup>st</sup> Century requirements. As the Army is restructured in the coming years, each Combat Service Support branch must be introspective enough to ensure its future potential will be

maximized so that soldiers continue to receive the best support possible.<sup>2</sup> These decisions are necessary for efficiency sake as well, as we continue Force XXI and AAN development to best meet the National Military Strategy to "Shape, Respond and Prepare Now."<sup>3</sup> Current defense spending is less than three percent of GDP—lowest level since the beginning of WWII—while the pace of operations and need for ground forces are greater than ever.<sup>4</sup> As the Army continues to evolve into a contingency force, deployment of forces to austere theaters will occur frequently.<sup>5</sup> This will dictate the need for a highly trained, modular, and responsive logistics and service support force structure, including improved financial and resource management support.

This paper will discuss the Finance Corps, its changing environment and the relevance of the financial management capabilities for the Army in the 21<sup>st</sup> Century. It will also examine two future force structure alternatives that are presently "on the table" for study by the Army. Recommendations will be provided to ensure a necessary "transformation" of the existing Finance force structure so it will best meet Force XXI and AAN financial support requirements during peacetime, wartime or operations other than war (OOTW).

#### THE FINANCE CORPS AND ITS CHANGING ENVIRONMENT

The Finance Corps is the smallest branch in the Army. It is also one of the oldest, dating back to the establishment of the office of the Paymaster General on 16 June 1775. Despite its size (only about 3,240 active duty officers, NCOs and soldiers), the Finance Corps, has a rich history of excellent service during peacetime and war.

Because of the small size of the Finance Corps and the nature of its support (administrative) to the Army, it has been the object of numerous studies that would further reduce its structure, civilianize it, or combine it with other branches. The major determining factor for *not* civilianizing it and keeping a separate branch was the need for soldiers with financial, payroll and accounting specialties and a sustaining military base to perform essential finance missions on the battlefield.<sup>6</sup> A discussion of all essential finance missions will be provided later in this paper.

While the Finance Corps has always had a significant "go-to-war" mission, it has not always focused on it or advocated such—which may explain the image (i.e., pay clerks or "bean counters") some had of it in the past. Prior to Army of Excellence changes (and establishment of Finance Support Units, Corps Finance Groups and Theater Finance Commands) in the late 1980s, the Corps focused primarily on peacetime support (rather than wartime support) and on getting soldiers and vendors paid on time. Fortunately, for the Army and the Corps, finance doctrine and force structure became fully integrated for mission support on the battlefield as a result of Army of Excellence initiatives. Interestingly though, while the new doctrine identified the Corps' primary wartime mission as "support of logistics operations", the revised (and current) TOE finance structure was still really built around the traditional mission of military pay support.

## DFAS and Army Downsizing Impacts

During the 90's the Army, like all the Services, continually sought ways and efficiencies to deal with constrained and reduced budgets. With the establishment of

DFAS earlier this decade came an opportunity to assess the viability and need for a TOE Finance Corps and how it would "fit" into the DFAS network. Many saw the potential to reduce the number of finance soldiers and to realize savings associated with consolidation and centralizing finance and accounting functions. While the demise or elimination of the Finance Corps was a hot topic in the Assistant Secretary of the Army for Financial Management (ASA(FM)) community in 1991, senior leaders of the Army and DFAS determined that there was still a vital requirement for soldiers to perform finance and accounting support functions on the battlefield. 9

A memorandum of agreement (MOA) between DFAS and Army provided the basis for successful integration of Army finance officers and soldiers into DFAS operations. The MOA allowed CONUS (to include Alaska and Hawaii) TOE Finance units to be "loaned" to DFAS to perform garrison finance and accounting functions (military pay, travel pay, disbursing, accounts payable and accounting). In addition to these loaned TOE soldiers, DFAS also absorbed military TDA spaces filled by finance soldiers in finance and accounting offices and in the DFAS regional center in Indianapolis (DFAS-IN) serving the Army.

When DFAS initially stood up, there were approximately 150 TDA finance soldiers working at the DFAS-IN Center--the one responsible for Army finance and accounting operations. The number of TDA soldiers performing in DFAS Army support operations has now grown to more than 500, but includes those finance soldiers working in DFAS Defense Military Pay Offices (DMPO) at Army installations and in other regional operating locations (OPLOC). Manpower savings realized by DFAS upon consolidating accounting and TDY travel functions to regional operating locations

(OPLOC) and upon establishing the DMPOs were primarily in civilian spaces as most TDA military spaces, save the few that were allocated to the regional OPLOCs, were retained at the installations and augmented as needed with civilians.

These positions in the DFAS centers and DMPOs provide an extremely valuable training base for Finance Corps officers and soldiers, plus provide a key link with DFAS leaders, operations and systems. This "link" will continue to be an extremely important one as we move into the 21<sup>st</sup> Century, and will allow DFAS and Finance Corps leaders to continue to develop effective finance related policies and support procedures for a wide variety and increasing number of Army exercises and deployments. The success of finance operations during war or for OOTW will depend on strong leadership able to decisively issue theater finance policy and to manage change. The importance of the DFAS and Finance Corps relationship for not only day-to-day peacetime operations, but also for finance support operations for Army deployments should not be underestimated.

In addition to its effective relationship with Army finance soldiers and leaders, DFAS continues to work cooperatively with the Army Finance School (FIS) to develop software for the Deployable Disbursing System (DDS) and to improve the Defense Finance Battlefield System (DFBS)--which contains critical accounting, accounts payable, disbursing and military pay modules.

Though DFAS initiatives have impacted peacetime finance operations, they have not to date significantly impacted force structure decisions or reduced the size of the Finance Corps. The table that follows shows the Finance active component authorization and inventory numbers for FY 92 (when DFAS came into existence) and for FY 99.

TABLE 1
Finance Authorizations and Inventory
Active Component TOE and TDA

	FY 92 (AUTH/OH)	FY 99 (AUTH/OH)
Officers (44)	442/856	387/623
Enlisted		
Fin/Acctg Spec(73C/D)	3,513/3,392	2,548/2,479
Sr SGT (73Z)	191/183	168/138
Total Enlisted	3,704/3,575	2,716/2,617
Grand Total	4,146/4,431	3,103/3,240

Source: Finance School Briefing Charts 1998

The reduction from 4,146 to 3,103 authorizations is primarily due to Army downsizing and Total Army Analysis (TAA) actions. Since FY 91, the Army has gone from 16 active and 10 reserve component divisions to now 10 active divisions and 8 ARNG divisions. Based on the major combat forces identified, the necessary reductions in CS and CSS (to include finance) forces were also made through the TAA process. TAA uses qualitative and quantitative processes to generate an affordable force structure by component (active, reserve and national guard), and the allocation rules used are key to the appropriate force structure for each CS or CSS element.<sup>13</sup>

Allocation rules for finance force structure have changed very little since 1991.

Current allocation rules still being used by the Finance School for current TAA 07 are: one Finance Command (FC) per Theater Army; one Finance Group (FG) per Corps or Theater Army Area Command (TAACOM); one Finance Battalion (FB) per 18,000

Army population in theater; and one Finance Detachment (FD) per 6,000 Army

population.<sup>14</sup> The table below reflects the reduction in Finance units from TAA 96 (when DFAS was established) to the most recent TAA 05:

TABLE 2
TAA 96/TAA 05 COMPARISON CHART

		T	AA 96			TAA 05			
Unit	AC	NG	USAR	TOT	AC	NG	USAR	TOT	DIFF
FC	2		1	3	2		1	3	0
FG	5		4	9	2	1	3	6	-3
FB	31	16	12	59	20	13	7	40	-19
FD	78	68	48	194	61	28	26	115	-79

Source: Army Finance School Briefing Charts

This chart shows the majority of the authorizations are in the active component, thus reflecting the Army's requirement for rapid responding finance organizations to satisfy a a variety of battlefield or OOTW missions. The Army's experiences in Panama, Southwest Asia, Somalia and Bosnia validate this.

## Impacts of Technology and Other Initiatives

Some emerging initiatives by DFAS, Army and DoD that will have a significant impact on the military pay related workload of finance soldiers will start to play in future force structure decisions for the Finance Corps. DFAS will soon provide soldiers the opportunity to obtain their leave and earnings statements (LES) from the world-wide web/Internet and to make changes to pay options and allotments. While initially soldiers

will not be required to use this input option, the potential for significant future workload reduction for finance soldiers is evident as discretionary allotment inputs (starts, stops, and changes) alone make up almost 40 percent of the workload in a Defense Military Pay Office.<sup>15</sup>

The Army's PerPay initiative, which may be implemented as early as FY 00, will also significantly affect the military pay mission of Finance Corps' soldiers. In fact, this initiative will eventually transfer responsibility of military pay input function to the Personnel (AG) community. At the present, PerPay development and fielding is still on hold awaiting final analysis of FY 99 funding and identification of any unfunded requirements for SIDPERS-3 software maintenance and development. If and when PerPay fielding occurs, it will provide seamless personnel and pay processes with single source data entry and provide savings by preventing erroneous payments and reducing out-of-service debt. Implementation of PerPay would also assist the Army's transition to a DOD "perpay" system, the Defense Integrated Military Human Resources System (DIMHRS), which is currently in design and projected to be implemented in the 2003-2004 timeframe. With current funding constraints and the magnitude of these endeavors, however, implementation of these systems will probably slip a few years.

This significant reduction in military pay responsibilities during the next few years will continue to fuel speculation about the future of the "Paymaster" Corps, particularly since many perceive military pay to be the primary and perhaps only mission of the Finance Corps. The Corps is clearly at a "crossroad" where it must transform itself and break the paradigm that it's primary purpose for being is military pay. While some may see only the potential for manpower/space savings for the Army that could occur with a

much smaller Finance Corps, there is an even greater opportunity to exploit and expand on the financial management skills of the Corps for the future. Nevertheless, any future force structure decisions regarding whether to maintain or reduce the size of the Corps or to merge it, say, with the AG Corps must still be based on how to best meet future Force XXI and AAN requirements. The bottom line is that "strategy determines requirements and requirements drive force structure." <sup>18</sup>

#### FINANCE SERVICE SUPPORT FOR FORCE XXI AND AAN

As the Army has completed its transformation from a Cold War Army to a Power Projection Army and continues to now move towards an information age, full-dimensional force for the 21<sup>st</sup> Century, it has aggressively developed innovative doctrine to provide the conceptual framework for Force XXI. Training and Doctrine Command Pamphlet 525-5, *Force XXI Operations*, provided the Army the needed framework and an azimuth for a quantum leap in Army operations on the joint battlefield. <sup>19</sup> The Force XXI strategic goal is: "A force for the 21<sup>st</sup> Century that is more lethal, survivable, capable of sustained high tempo operations, deployable, versatile and sustainable, and with increased joint and combined connectivity." <sup>20</sup>

Recognizing the value of finance management support to Commanders for future operations and the necessity to establish financial management doctrine that would guide the financial management community in support of Army, joint and multinational operations in the 21<sup>st</sup> Century, the Army Finance School developed and published FM 14-100, *Financial Management Operations*, in 1997. FM 14-100 actually combined the

old FM 14-7, Finance Operations, and FM 14-6, Resource Management Operations, thus integrating them and establishing one doctrine for all financial management operations.

At this point, it is important to define these two core processes in order to be able to illustrate their value to future Force XXI and AAN support operations. Per FM 14-100: Finance operations involve the execution of the finance mission which is to fund Army, joint and/or multinational forces by providing timely procurement and contracting support, banking and currency support, US and non-US pay support, accounting and cost capturing support and financial advice. Resource management operations involve actions to analyze the Commander's tasks and priorities, to advise the commander and to identify the financial resource requirements that will enable the commander to accomplish the mission. As FM 14-100 adds—resource managers acquire, program, budget, allocate, distribute and control all funds.

FM 14-100 discusses doctrinal requirements and defines financial support activities across the patterns of operations, and specifically during force projection, sustainment and transition operations. This is key and will prove extremely useful for future force structure decisions, as the first phase of the Army force development process--determine requirements-- involves determining warfighting requirements for doctrine, training, leader development, organizations, materiel, and soldier systems (DTLOMS).<sup>21</sup>

The financial management vision outlined in FM 14-100 recognizes the need for effective and versatile financial management support (combining resource management and finance operations) that provides a significant combat and logistics multiplier. In concert with a key Joint Vision 2010 operational concept of *focused logistics*, the FM recognizes the high probability that the Army will conduct future operations in austere

environments and without a large logistical tail. In addition, these operations will likely be joint, combined and/or multinational. Therefore, financial management operations, units and teams will be critical to provide commanders necessary capabilities ranging from contracting and banking support to fund control, cost capturing and reporting.

The performance of Finance Corps units over the past decade in places like Panama, Southwest Asia, Somalia, Haiti and Bosnia underscores the criticality for the Army to have rapidly deployable, highly trained financial management soldiers and improved systems during wartime or OOTW. The nature of deployments for Operations Just Cause and Desert Shield/Desert Storm, specifically, demonstrated the need for quick responding finance organizations and their value for support and sustainment operations.<sup>22</sup> The following comment from LTG William G. Pagonis, Commander, 22d Support command (SUPCOM) indicates the Finance Corps' critical role supporting the logistics operation in SWA:

"Having been here from the start, I can attest that the rapid buildup just could not have been accomplished without the contributions of the Finance Corps, particularly in supporting procurement operations. Finance places purchasing power in commander's hands by allowing ordering officers to immediately procure goods and services from the local economy to sustain our forces. This has become especially important, given our very extended supply lines...Finance units are very small, but take care of very large populations, spread over vast distances. Pay support is very important to our soldiers and their families' morale. However, finance, contracting and host nation support have been the foundation of our logistical efforts in Saudi Arabia. Finance has been available around the clock and is an integral part of every unit's operations. They serve as true combat multipliers by enabling the log base to become established as commanders obtain what they need locally." <sup>23</sup>

While the future force structure required to perform the critical contingency support functions will need to be specialized to perform key funding and sustainment missions, it must also handle important fiduciary responsibilities to ensure financial laws and

regulations are followed. Funds must be controlled and operational costs accounted for. The importance of accurately tracking and reporting the costs of deployment operations to Congress or for United Nations' operations will only increase. Because of this, FM 14-100 recognizes the need to meld finance operations and resource management skills for future operations. As one senior Army logistician wrote after the Gulf War, upon assessing *initial support team requirements* for successful power projections of the future, he included "a group of resource managers who will be urgently needed to disburse funds and maintain financial accountability." <sup>24</sup>

The future pace of operations and importance of force structure and acquisition decisions places a premium on planning and competency levels of tactical, operational and strategic financial management leadership. As one senior Army leader indicated "if the United States Army is to achieve objectives of Force XXI and the AAN, it will be the first time in history the Army has improved its posture when accompanied by a severely constrained environment. If we intend to transition successfully to the future, leaders throughout the Army must adopt sound financial management principles so as to gain optimal productivity from every dollar spent." <sup>25</sup> The Army must ensure there are opportunities at high levels for individuals with strong financial management skills to coordinate and meet its strategic financial support needs, plus maintain highly technical and trained leaders and units to meet operational and tactical requirements.

Having this structure and future capability will provide benefits for the Army in both peacetime and wartime operations. Note the following comment from a recent GAO study: "It is paradoxical that the defense establishment, where discipline is essential to combat, instills so little discipline in its financial management operations." This

underscores the importance of building and maintaining a core of Army officers and soldiers with strong financial management and analysis skills to operate at all levels, and in garrison and on the battlefield.

#### FUTURE FORCE STRUCTURE ALTERNATIVES

At the present, the Army Finance School is studying two future force structure options which could better meet Army financial management and support required in the 21<sup>st</sup> Century.<sup>27</sup> One is the Soldier Support Battalion (SSB) concept, which combines Finance and AG units and is provisionally in place throughout the XVIII Airborne Corps. The other is the Financial Management Command (FMC) structure which is also in the concept stage and involves combining Career Field 44 (Finance) and Functional Area 45 (Comptroller). These two concepts or initiatives are not completely new ideas, since merging Finance with other branches and combining finance and comptroller functions have been studied and tested in the past. The SSB and FMC are receiving considerable interest at both the Finance and AG Schools—each is being looked at in depth with the impact of each structure using the DTLOMs analysis.

## Merging Finance and AG Units

The combining of Personnel and Finance units and initial testing of the Soldier Support Battalion (SSB) was an outgrowth of the Army PerPay initiative. A General Officer Steering Committee was established in September '95 and the initial business

process review looked at the personnel and pay interface and gave birth to the concept for a TOE force structure change, i.e., SSBs.<sup>29</sup>

The initial testing of the SSB, which centered on the command and control aspect, was successfully completed at Fort Bragg from January to July 1997. Establishment of the 82D Soldier Support Battalion (PROV) (ABN) produced a savings of only 3 spaces (Commander, XO and CSM) plus some dollar savings when the headquarters of the 82D Personnel Services Battalion (PSB) and 82D Finance Battalion (FB) were combined. While the functions of the subordinate AG and Finance units/detachments could not be merged or tested without the PerPay capability, the apparent success and small savings led to an XVIII Airborne Corps decision to combine other Corps PSBs and FBs, despite the objections of many in the financial management community. This was followed by a decision to combine the Personnel Group and Finance Group in the Summer of '98 and form a provisional Soldier Support Group (SSG) as well.

The combined C2 structure of the SSB and SSG provides obvious advantages, but some disadvantages as well. Some of the advantages include: larger and more robust staff for the combined AG/Finance units (since current staffs of Finance and AG Battalions are undersized compared to other Army battalions); enhanced coordination for interrelated personnel and finance initiatives, i.e., Adjutant Calls, In/Outprocessing; and, some savings in spaces (3 total) and dollars. Division commanders in the XVIII Airborne Corps are supposedly happy with the SSB structure thus far.<sup>31</sup>

Some disadvantages for the Army include: SSB or SSG commanders and leaders (either AG or Finance) with a lack of familiarity or expertise of one or the other highly technical fields, i.e., G1/Personnel versus Finance/fiduciary; loss of several Command

positions for other AG and Finance officers and, more importantly, the opportunities for professional development; the new structure is premature, and even with PerPay and transfer of military pay to AG, it does not make sense to merge all finance functions; and, the likely inability to train soldiers adequately for both missions because of the significant differences in Personnel and Finance core competencies, particularly in RC (combined) finance and personnel units.

While the SSB may be conducive to support PerPay implementation and provides some space and costs savings for installation commanders, the merging of personnel and finance functionality may be too difficult or inappropriate for the future Army. This is in fact the growing consensus among the experts in the Finance and AG Schools.<sup>32</sup>

The idea of merging Finance with AG or other branches is not a new one. In the late 1870's, seeking efficiency in the War Department, Congress felt the quartermaster, subsistence and pay departments could be merged into one agency.<sup>33</sup> When Congress finally passed legislation early in the 1900s to merge the departments for the economy and savings, the change lasted only eight years and the Secretary of War submitted a bill to Congress because of inadequate force structure and loss of expertise. Thereafter, Congress passed the National Defense Act in June 1920 and gave the President authority to make distribution of functions and to retain a separate agency to handle finance functions.<sup>34</sup> The Finance Department was reestablished.

In 1974, the Army conducted a test at Fort Bragg to study the possible merger of the AG and Finance branches. The Consolidation of Pay and Personnel (COPPER) test was predicated on combining the two administrative, personnel service branches into one to obtain economy and force structure reductions as well. COPPER died a quick death

when the many core competencies were found to be too extensive for soldiers to learn and maintain. Little has changed, as a look at the 16 core competencies necessary for Finance and AG soldiers to master today shows overlap in only one--provide US military pay support.<sup>35</sup>

What the lessons of the past have shown and what is key is to ensure that financial management skills and culture are not diminished, as they will be greatly needed at all levels for future FORCE XXI and AAN missions. The Army simply cannot afford unresponsive or incompetent finance service support during future deployments. This lack of expertise could result in untimely support or incorrect priorities for critical funding and banking operations, local procurement and host nation support, cost capturing, accounting and reporting operations during wartime or contingency operations. While finance and personnel functions may both be administrative in nature, they are extremely complex, technical, and involve numerous laws, Comptroller General decisions, and regulations.

## Financial Management Command or Corps (FMC)

The FMC concept, which involves combining Career Field 44 (Finance Branch) with Functional Area 45 (Comptroller) and changes to the current finance unit structure and allocation rules, provides another viable alternative for future force structure to meet Force XXI and AAN finance support requirements. While the name and proposed unit structures are new, the idea of combining the finance and comptroller (or resource management) functions is not. Two studies addressing the future of the Army's resource

management function, completed in the early 90's, discussed the merger of 44 and 45 fields.

The first of these, RM 2000, provided an examination of the resource management work force requirements in terms of personnel, experience, and training into the 21<sup>st</sup> Century. While it did not provide a consolidated position on the proper future RM work force mix, i.e., civilian versus military, specific comments included: "Must keep some military to keep perspective of what we are supporting...44 and 45 should be merged", and "RM doctrine will determine RM structure in war and peace." <sup>36</sup> The other study commonly known as the Sigma Study, and entitled Resource Management Military Career Field Study, was contracted by the ASA(FM) and released in February 1991. <sup>37</sup>

The principal objective of the Sigma Study was to determine advantages and disadvantages of consolidating a number of related military career fields into a single career management field for resource management. Two recommendations of the study were: 1) create a consolidated RM functional area and maintain the Finance Corps, but require all field grade officers to single track with the RM functional area, and 2) create a single-track RM Branch that merges the Finance Corps and consolidated Comptroller functional area.<sup>38</sup>

Though the study team favored the first recommendation above, a research paper completed by a War College officer in 1992 recommended the second one and offered that the "merged branch" should be renamed the Resource Management Corps (RMC). His analysis, along DTLOMS lines, was sound. He specifically identified a deficiency that existed in resource management doctrine (then FM 14-6) at that time regarding structure correlating to specified wartime missions and functions and the shortage of TOE

comptroller positions, particularly in division resource management cells, which are TDA. 40 He recommended that each division should have a MTOE resource management cell, since they often deploy to certify funds and develop host nation (HN) reports, headed up by a finance officer and filled with finance (73D) soldiers. He pointed out that Finance Corps enlisted personnel would become the foundation of the RMC, that a large percentage of the FC officers (at that time) were qualified as Comptrollers (FA 45), and that the Army FIS was already providing the majority of resource management training for military and civilians. 41 These things hold true today as well.

The FMC concept is basically a hybrid of the resource management corps idea, as one of the assumptions necessary for implementation of the revised finance TOE structure is that CF 44 and FA 45 will be combined into one financial management career field in the "operations" track of OPMS XXI. In August 1998, the FIS Commandant briefed the 44/45 Board of Directors, including MG(P) Ohle, DCSPER, and got the go ahead to continue the FMC study for implementation in the future. This concept is fully compliant with OPMS XXI and FM 14-100 and provides the potential to give the Army improved finance and resource management support in peacetime and wartime. Having a consolidated financial management career field would produce immeasurable benefits for the Army in the 21<sup>st</sup> Century--one being the development of senior officers with strong financial management, analysis and budgeting skills to perform in key RM and finance positions, i.e., on Division, Corps or CINC's staff, in DFAS Centers and OPLOCs, and in the Office of the ASA(FM).

The advantages of having a consolidated financial management and comptroller force structure, i.e., career progression, specialization, deployability, and experience, can be

seen in the Air Force. The AF financial management and comptroller field includes Financial Management Officers who perform accounting liaison and pay services, budget preparation and execution, and program and economic analysis, as well as Cost Analysis Officers who evaluate the effectiveness of force structures, operational systems, acquisition programs, and support activities. There are significant leadership positions within this field for officers at all levels culminating at the MAJCOM/FM and Secretariat Deputate levels (COL – MG). Field grade officers compete for FMC Squadron Commander billets at wing, center, MAJCOM and SAF levels, plus some senior leader billets in DFAS. Enlisted personnel in the financial management career field are also trained and provided opportunities in both financial services, budget and comptroller areas. It's of little surprise that the Air Force and its commanders do so well in garnering their share of Defense resources.

The FMC and proposed new force structure, with its modified allocation rules (discussed below) for the TAA process, will enable the Army to grow and maintain highly capable financial management officers and soldiers with necessary finance operations and resource management skills. This "transformed" and, perhaps, leaner finance TOE structure will provide units and soldiers capable of performing battlefield acquisition, fund control, accounting, disbursing and limited travel and military/civilian payroll support. And, when PerPay and/or DIMHRS are fully fielded and responsibility for military pay is passed to the AG Corps, "financial management" officers and soldiers can also provide significant peacetime contributions to the Army in resource management and acquisition functions, in DFAS accounting, travel and accounts payable functions, plus continue to help ensure the financial readiness of other TOE soldiers.

The proposed new allocation rules for FMC units would be as follows: a Finance Command (FC) to support a Theater Support Command (TSC); a FC or Finance Battalion (FB) to support COSCOM/TSC; a Finance Company to support a Division; and Finance Platoon to support a Brigade. On the battlefield, 7-person finance teams (from the finance platoon) made up of commercial vendor service specialists, a cashier, and accounting clerks can be positioned with forward support battalions or division support battalions to do "one shop" battlefield procurement.<sup>45</sup>

Having one organization on the battlefield to perform all the battlefield (local) procurement processes, i.e., ordering and approval by log unit, fund certification, funding and accounting, and payment for goods and/or services, offers several advantages. It precludes officers and NCOs in other units having to perform the above as an extra duty, meets increased requirements for local procurement due to future realities of smaller logistics footprint and "just in time" logistics for deployments, and provides flexibility—support can be provided for high intensity conflict, small scale contingencies (SSC) or OOTW. 46

#### CONCLUSION AND RECOMMENDATIONS

Since DFAS was established in 1991, the Finance Corps has experienced significant changes in peacetime support operations with a greatly reduced force structure. While the DFAS concept impacted day-to-day operations of finance soldiers, finance force structure reductions resulted primarily because of Army downsizing and force structure reductions after the end of the Cold War. Though there was much speculation that DFAS

and consolidation of DoD finance and accounting functions would quickly lead to the demise of the Finance Corps, this has yet to occur.

Today, the Finance Corps faces another "crossroad" as both technology and DoD initiatives will, over the next few years, significantly diminish finance soldier military pay functions. This looming reduction in the Finance Corps' most visible mission, coupled with the incorrect perception by many that military pay support is its primary purpose for being, continues to fuel speculation about the future or need for a separate Finance Corps. The PerPay initiative, the pressures of force structure reductions and operating budgets, and the potential for immediate savings (albeit insignificant) have led to the Army's testing of combined Finance and AG units in the XVIII Airborne Corps in 1997. While combined Finance and AG TOE structure is certainly an alternative worthy of study, history has shown that attempts to merge the Finance Corps into other branches have proven unwise and too costly. Even now, the growing consensus within the Finance and AG Schools is that the SSB concept will not meet the DTLOMS test.

The time is now for the Army and the Finance Corps to break the paradigm that the Corps' raison d'etre is military pay and to transform the "Paymaster" Corps to a "Financial Management" Corps. The Finance School has taken some initial steps towards accomplishing this. It developed and published new Army financial management doctrine in FM 14-100, which melds finance operations and resource management operations in anticipation of demanding 21<sup>st</sup> Century missions. It is also studying another future force structure alternative called the Financial Management Command (FMC) that will better meet the DTLOMS analysis test.

The FMC alternative requires a merger of Career Field 44 (Finance) and Functional Area 45 (Comptroller) and recognizes the need to have a finance TOE structure built around the logistics/contracting support and financial management missions. Importantly, the FMC structure is compatible with OPMS XXI and with Army financial management doctrine (FM 14-100). This alternative will ensure Force XXI and AAN have finance units that are specialized, tailorable and rapidly deployable to provide funding to support logistics and sustainment operations, and to comply with all fiduciary responsibilities.

The FMC structure will also allow the Army to "grow" the leaders to provide the financial management expertise it needs in Division, Corps, MACOM, and CINC Comptroller positions, in DFAS Center and OPLOC positions, and in key OASA(FM) military positions. The 21<sup>st</sup> Century challenges for the Army, i.e., increased pace of operations and constrained resources, will require officers and leaders with strong financial management skills and knowledge of finance and accounting systems to better manage budgets and programs and to make tough funding and resource decisions. This will enhance the Army's ability to garner a larger share of the DoD budget in the future and to use its diminished resources more wisely.

While some initial steps have been taken, the Army and the Finance School need to take some additional steps to make the Finance Management Corps a reality. They must complete the TAA and DTLOMS analysis of the FMC as soon as possible and identify and convert TDA comptroller positions in divisions and units to TOE positions. They must also ensure the Finance Corps' key link with DFAS is maintained, plus continue to ensure professionally developed officers are placed in key DFAS and Army financial management positions in the future.

The Finance School should complete its DTLOMS analysis of the FMC as soon as possible. Timing is critical for a couple reasons. First, any changes (to force structure) made during the TAA will take several years to be fully implemented. Based on current estimated projections, PerPay and/or DIHMRS could possibly be completed by 2007. Therefore, the "transformation" of the current Finance TOE structure/units to the FMC structure needs to be completed by that time. If the changes cannot be accomplished in the current TAA 07, they must be made no later than the TAA 09 to ensure implementation is complete by 2009.

The other reason to reach a quick decision on the FMC alternative is that PERSCOM has started implementation of OPMS XXI this year. Boards are starting to meet to review officers in particular year groups for assignment to the different OPMS XXI career fields. At the present time, FA 45 (Comptroller) is in the Institutional Support Career Field and CF 44 (Finance) is in the Operations Career Field. Since the FMC force structure involves merging the finance and resource comptroller functions, a decision to combine FA 45 and CF 44 needs to happen quickly to prevent any unnecessary problems or complications for implementing the FMC structure in the out years.

Finally, as the transformation of the Finance Corps from a "Paymaster" to a "Financial Management" Corps occurs, the Army must prevent any significant reductions in TDA military spaces in DFAS operations and work with DFAS to shift more soldiers into accounting, disbursing, and resource management positions. It must also ensure Finance officers and soldiers are placed in key financial management or comptroller positions in operational units, DFAS and OASA(FM). This continued link with DFAS and professional development path for Finance Corps officers and soldiers will ensure

improved financial and resource management for the Army in the 21st Century, in garrison and from the foxhole to the Pentagon. Just as it was determined in '91 by senior leaders of the Army and DFAS and is still true today--Finance Corps units are needed to

meet critical battlefield and contingency finance service support requirements.

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#### **ENDNOTES**

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- <sup>9</sup> Arteaga, 1.
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